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FIRST COUNTRY COOPERATION FRAMEWORK FOR ANGOLA (1997-1999)

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INTRODUCTION

1. The Advisory Note that was discussed earlier with the Government of Angola, donors and United Nations agencies provided the basis for identifying the orientation of the first country cooperation framework (CCF) for Angola. The CCF being submitted by the Government of Angola and UNDP articulates the agreed modus operandi and the areas of focus regarding the use of UNDP-managed resources.

2. Angola's emergence from conflict and the prevailing economic and social conditions, unquestionably underscore the appropriateness of the concept of sustainable human development (SHD) in addressing the Government's development goals. The CCF takes note of the national goals and priorities in the context of the areas of focus of SHD.

3. The CCF has benefited significantly from the round table process and the ongoing assistance to the Government in the area of economic management. The Government has agreed to the preparation of the country strategy note (CSN). The preparation of a national Human Development Report for Angola has been initiated. The CCF will have considerable bearing on these important national documents.

4. Finally, the CCF profited from consultations between UNDP and resident development partners and other stakeholders in Angola's development.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

5. After more than 30 years of continuous conflict, the country is confronted with a critical situation of addressing the peace process, humanitarian issues and the problems of economic and social recovery. The many years of war and disruption have resulted in a marked deterioration of social welfare and of rising unemployment. Access to basic social services such as health, water and education systems have declined considerably while the allocation of resources to these sectors remain marginal. Per capita income fell from US$ 720 in 1985 to US$ 360 in 1995, and according to the Human Development Report, Angola's human development index fell from 0.291 in 1995 to 0.283 in 1996.

6. The realities of the post-conflict situation bring to the forefront many critical development problems and challenges which relate to the achievement of the goals of SHD. Therefore, the goals of SHD are undeniably relevant to the current conditions in the country. The Government has clearly indicated through the Programa Economico e Social 1995/1996 and Programa Nova Vida and the recently adopted Programa de Politica Economica e Social do Governo para 1997, that its development strategy is focused on four interrelated goals, namely: (a) maintenance of peace, stability and rehabilitation; (b) revival of the economy and sustainable growth; (c) eradication of poverty; and (d) employment and income generation.

7. Maintenance of peace and stability and rehabilitation. As a result of the past experience of the country, the Government believes that the first preoccupation is to strengthen and build on the peace process to ensure stability. This is a critical prerequisite in creating an enabling environment for development. The Government is placing considerable emphasis on the demobilization and productive reintegration of about 100,000 soldiers into civil society. With the assistance of donors and non-governmental organizations (NGOs), the Government is working to ensure peace-building, humanitarian assistance activities and mine clearance.

8. Economic recovery and sustainable growth. With the exception of the petroleum sector, nearly all economic activities had, in practice, contracted. During 1985-1995, gross domestic product (GDP) grew at less than 1 per cent per annum and with population growing at 3 per cent per capita, income declined from US$ 720 to US$ 360 in the same period. The resumption of hostilities in 1992 led to a sharp fall of 24.4 per cent in real GDP. However, there was a recovery of 7.7 per cent and 12 per cent in 1994 and 1995 respectively. Massive budget deficits fuelled spiral and hyper-inflation that ranged between 3,800 per cent and 10,400 per cent per annum. Since the introduction of the Programa Nova Vida in June 1996 there has been a persistent decline in the monthly rates of inflation from 84 per cent in May to 5 per cent in December. Similarly, the extremely rapid variations in the foreign exchange rate has remained relatively stable.

9. Angola's total debt is currently estimated at US$ 12.5 billion. The debt burden measured by debt/export ratio rose from 225 per cent in 1987 to 432 per cent in 1995. Balance-of-payment deficits were successively financed by running arrears on medium- and long-term debts. Current short-term debt, guaranteed by oil revenues, requires payments of US$ 1 billion per year. Access to new medium- and long-term loans is limited and has become a major bottleneck to sustainable development.

10. Critical issues delaying the revival of the economy include the lack of macroeconomic policies that address the problems of overvalued foreign exchange rates, budget deficits and inherent subsidies that distort resource allocation, and high and rapid inflation that deter investment and growth.

11. Eradication of poverty. Studies by the Instituto Nacional de Estatistica (INE) reveal that 61 per cent of the population live below the poverty level. Provincial estimates show that the incidence of poverty is highest in Cabinda at 70.1 per cent compared to 61 per cent in Luanda, while in Huila and Lubango it is 68.2 per cent. The main causes of poverty are the high rate of unemployment, estimated to be 45 per cent, and the limited access to social services. Public expenditure in the social sector declined from 9 per cent to 7 per cent between 1994 and 1995. The Government is concerned about the extreme conditions of poverty being experienced by the population.

12. The Community Rehabilitation and National Reconciliation Programme, which was presented at the 1995 Round Table Conference, addresses poverty reduction through the creation of employment opportunities, improving access to basic social services and food security for both rural and urban dwellers. It targets female-headed households. An ongoing programme of decentralization is intended

to encourage community participation in evolving poverty reduction strategies. Poverty is both a rural and an urban phenomenon. In the rural areas, the presence of mines, restricted movement of people and the low levels of technology have resulted in low productivity. The Community Rehabilitation Programme could provide skilled training to communities for the promotion of small enterprises, rehabilitation of schools, health centres, feeder roads, water supplies and related activities such as mine awareness.

13. Unemployment and underemployment. The rate of unemployment is estimated to be 45 per cent. The labour market realities in the country indicate that opportunities for employment in the formal sector are extremely limited. About 35 per cent of the labour force is engaged in the informal sector. The rate of unemployment could worsen if the reintegration of 103,000 demobilized soldiers is unsuccessful. Moreover, there is also a backlog of several thousand unemployed youths. The creation of the appropriate environment to promote private sector, small and micro-medium enterprises and the adoption of labour intensive methods could well serve to reduce the large-scale unemployment.

14. Improving subsistence agriculture and food security. Nearly 60 per cent of the population is dependent on subsistence agriculture. There is a need to improve the sector's productivity through the adoption of new techniques and seed varieties, and the provision of appropriate extension services. Improving household food security still remains a major challenge for most provinces. About 3 million people still depend on external food assistance. All agricultural activities are affected by the presence of mines. The millions of active land mines constrain many rural communities.

15. Governance and dynamic civil service system. Full decentralization measures are yet to be adopted to ensure decision-making at the provincial level. Viewed from the perspective of SHD, the decentralization programme is especially important in the management of a post-conflict situation because there are major differences in the developmental needs of the provinces. Administrative reforms can ensure that the civil service system becomes a prominent feature of the economic decision-making process. At present, the morale of civil servants is low due to low wages and poor working conditions. As a result of the war, Angola has not had any consistent programme of building national capacities in economic management and other fields.

II. RESULTS AND LESSONS OF PAST COOPERATION

16. UNDP began to operate in Angola as a donor and initiator of development activities in 1976. This role culminated in the organization of a Round Table Conference in Brussels in 1995. It played an important role in Angola's peace process and helped to mobilize resources to support the country's transition from war through humanitarian needs to sustainable development. However, because of the war, country programme activities for the period 1992-1996 had to be suspended, but UNDP continued to provide ad hoc support including humanitarian assistance. UNDP focused its resources on a few programmes that clearly responded to the priority needs of Angola and its core concerns.

17. These included: (a) capacity-building in aid coordination and the management of the financial system; (b) public sector reforms; (c) support to the democratization process and the elections; (d) mobilization of financial resources through the round table process; and (e) the initiation of community rehabilitation programmes.

18. The national execution modality was also introduced to encourage ownership and active participation in implementing national programmes. The lessons learned are that the national execution modality is proving to be a difficult option due to the weakness of national institutions; these institutions have few qualified staff, and the absence of strong national NGOs and an efficient banking system seem to complicate the situation.

19. Past experience confirms the undeniable necessity of continuing to strengthen the process of capacity-building in key economic management institutions. Trained national staff leave the civil service for the private sector and NGOs because of the extremely low wages, salaries and poor working conditions. Technical advisors are sometimes compelled to take up line functions because counterparts are not readily available. An economic reform programme will address the issue of civil servants' remuneration to ensure the sustainability of all external assistance.

20. The security situation remains a serious concern and the recent formation of a Government of National Unity could permit easy movement of people. Currently, cost-effective technical assistance delivery mechanism could not be introduced because domestic development services personnel, for example, could not work in rural communities.

21. Lessons learned at UNDP level are as follows: (a) there is the need to step up training of nationals to assume increased roles in the management of programmes; (b) the high rate of turnover of UNDP Country Office senior management had a negative effect on the image of the Office in its relations with the Government and donors; (c) the Office lacked a coherent and flexible strategy in the face of emergencies; (d) there is the need to build capacity of the Office to assume an increasing role in the implementation and coordination of reintegration and rehabilitation programmes; and (e) approval of project documents were unduly delayed due to the absence of translation facility within the Office.

III. PROPOSED STRATEGY AND THEMATIC AREAS

22. The Government needs UNDP to cooperate in addressing its development goals by considering the salient elements of SHD that are appropriate to existing realities in the country. The following three key areas are strongly interdependent but are being discussed separately only for the sake of presentation. Therefore, the critical areas for future intervention of UNDP should concentrate in: (a) assistance in post-conflict situation; (b) poverty eradication; and (c) governance.

23. *Area of concentration 1: Cooperation in post-conflict situations.* For the next three years, attention should be paid to the transitional nature of the

cooperation within the context of this programme. Activities undertaken within the programme certainly have an important relationship with the overall economic development process of the country. Therefore, to ensure a successful transitional phase to development, the coordination efforts envisaged by UNDP should take into account the political, social and economic implications. Progress made on the economic front would be critical in accelerating and supporting the transition.

24. *Programme 1.1: Support to the peace process through demobilization.* With the emergence from conflict, the Government sees the link between humanitarian assistance and economic recovery as critical. Over 100,000 soldiers are to be demobilized and reintegrated into civil society. Their efficient and smooth integration into productive activity would reduce the risk of them bearing arms again and threatening the peace and development of the country. It is expected that the majority of the soldiers will have difficulties reintegrating into civilian life because of their lack of and limited education, lack of labour market experience, and also because of their traumatic experiences during the war.

25. Reintegration will be promoted by the building of capacities of the national Institute to Support the Socio-Professional Reintegration of Ex-military Personnel through financial support for the Community Counselling and Referral Service for Demobilized Soldiers. Funds will be established within the national Institute to support ex-soldiers and their families to undertake quick impact projects (QIPs). The QIPs fund operating in the national Institute-Community Counselling and Referral Service institutional structures will serve as a catalyst to overcome various constraints that will hinder the effective integration of the soldiers and their families.

26. The programme will emphasize the community level operations and assist in providing vocational training as well as marketable skills. Since the training will target the soldiers and the families, considerable aspects of the training should be structured to encourage active participation of women.

27. *Programmes 1.2: Mine action programme.* Estimates by the Central Mines Action Office of the United Nations Unit for the Coordination of Humanitarian Assistance (UCAH), indicate that some 3 million active mines were indiscriminately laid during the war. These now constitute a serious environmental threat and continuously take heavy toll on civilians in addition to disrupting economic activities.

28. This situation is delaying the expected return of the population to its communities of origin, and unfortunately perpetuates the country's dependency on external aid, even though there exists a potential for food self-sufficiency and for export. Such a situation is also affecting the success of the demobilization and community rehabilitation programmes.

29. An assessment by the National Institute for the Removal of Explosive Obstacles concludes that due to lack of capacity, the National Institute will not be in a position to take over the complex demining operations in 1997 when United Nations Angola Verification Mission (UNAVEM) and UCAH are phased out as planned. The mine action programme will include institutional capacity-building

of the National Institute to coordinate all demining activities effectively. The programme also involves actual demining as well as a mine awareness strategy.

30. *Programme 1.3: Coordination of the transition.* The contemporary situation in the country is slowly moving from that of a complex emergency and war towards peace and reduced humanitarian needs. Thus, transfer of responsibilities will be required both within the United Nations itself and from the United Nations to the Government.

31. Within the United Nations system there will have to be a deliberate transfer of specific responsibilities from UCAH to UNDP. As the peace process proceeds with the formation of the Government of National Unity, UNDP and other United Nations agencies will have to assume certain duties currently undertaken by UNAVEM. Simultaneously, the Ministry of Social Assistance and Rehabilitation will be expected to take over from UCAH the substantial role of coordinating humanitarian assistance activities and help to build national capacity, particularly among national NGOs, to manage the remaining relief activities.

32. Focus. Attention will focus on establishing a UNDP substantial capacity to take over specific responsibilities from UNAVEM and UCAH in order to ensure long-term support to coordinate interventions. UNDP will support the Ministry of Social Assistance and Rehabilitation in strengthening its capacity and ability to work with national NGOs as partners in the delivery of relief assistance. It is also expected that in complementing the work of the Ministry, specific and concrete activities will be evolved to take into account the social needs of the society. Hence, the population will be assisted in their relocation to their provinces of origin so as to reduce the massive rural-urban exodus that prevailed during the war. The population will be encouraged to undertake agricultural activities with increased productivity, small-scale rural economic activities, including food processing, through the introduction to appropriate technology.

33. Area of concentration 2: Poverty eradication. *Programme 1.1 Community Rehabilitation and National Reconciliation Programme.* The Government acknowledges that the fight against poverty will best be addressed through a strategy of consistent economic recovery and growth. The link between poverty eradication and economic growth is therefore noted. In this regard, the private sector, seen as the engine of growth, will be given appropriate incentives to play a catalytic role in the combat against poverty. The Government has taken steps to ease the constraints faced by the private sector and to further enhance its role in the economy.

34. However, the Government identifies the Community Rehabilitation Programme that was presented in Brussels as the cornerstone in the country's poverty reduction strategy. The main objective of the Programme is to enhance people's involvement to improve their living conditions and basic needs and to have access to income-generating activities.

35. There is a considerable incidence of poverty at all levels of the society. Persons particularly affected are the war-wounded, disabled, refugees and internally-displaced persons. Women have been especially affected since they

are compelled to become the heads of households without the appropriate means and resources. There is serious concern at the highest policy level regarding the incidence of poverty in Angola. *Programa Nova Vida* expressed concern on the declining welfare of the society while the recently adopted *Programa de Politica Economica e Social do Governo Para 1997* equally addresses the poverty question. Due to provincial differences in the incidence of poverty, community-based programmes may be the most effective and sustainable means of reducing poverty.

36. This Programme should be pursued during the forthcoming programming cycle, with the following focus:

(a) rehabilitation of productive capacity in agriculture, livestock, forestry, fisheries and private sector activities;

(b) rehabilitation of social sectors, including basic education, primary health care and assistance to vulnerable groups;

(c) rehabilitation of basic infrastructure, focusing on roads and bridges, water and energy, housing and peri-urban infrastructure; and

(d) strengthening management capacity at national, provincial and local levels.

37. Empowerment of women. Women have been particularly vulnerable to the effects of the war. The majority of households are headed by females whose access to economic resources are extremely limited, hence the incidence of poverty is highest in such households. Efforts are needed to counter the effects of the war and traditional attitudes and practices that hinder the effective participation of women in the economy. In all programmes UNDP will have to stress the gender dimension and will target female-headed households as important beneficiaries. The Programme will address the employment and the working conditions of women, especially in the rural areas, and assist their involvement in small and micro-enterprises with the support of new technology and credits.

38. UNDP collaboration with national institutions such as *INE* must be based on its capacity in the collection and analysis of data and to work with appropriate divisions of the Ministry of Planing to design strategies and measures for alleviating poverty. Work with other United Nations agencies, NGOs, and community-based organizations will be pursued in order to build consensus on poverty eradication initiatives and at the same time facilitate the synergy of efforts. In terms of impact, this intervention will directly benefit the population as a whole, including women. Community-based programmes will be initiated. Success of the Programme will be judged on the basis of concrete measurable criteria such as the reduction in incidence of poverty, active and growing participation of women, increased income in the selected project sites and the sustainability of the programmes.

39. Area of concentration 3: Governance. *Programme 3.1 Institutional reform and administration modernization.* The goal is to support the establishment of mechanisms and structure at the national, provincial and community levels to guarantee the long-term sustainability of the development process and contribute

to building indigenous capacities for policy development and programme management.

40. The Government is aware that there is the need to train nationals to manage and implement programmes to enhance the growth of the country effectively. However, due to rigid administrative structures, low wages and salaries and poor working conditions, the morale and productivity of civil servants remain very low, with considerable absenteeism. At the same time, the civil service system needs to be reformed to achieve greater efficiency.

41. The Programme will focus on: (a) administration modernization as a means of improving the performance of the administration; (b) decentralization, which aims at bringing public services closer to the community by improving the capacities of local administrators; and (c) administration and society in order to ensure the active participation of the civil society in the process of governance.

42. The approach will be to enhance the knowledge and skills of Angolans to be able to formulate and implement the goals of SHD. Capacities will be strengthened throughout Government, within all institutions dealing with economic management, poverty, sustainable livelihoods, gender and environment. Emphasis should be placed on community mobilization and participation for sustainable development planning.

43. *Programme 3.2: Capacity-building in economic management.* The economic problems confronting the country are attributable in part to the severe shortage of trained manpower to formulate and implement prudent economic policies. The result has been the gradual build-up of distortions leading to waste, inefficiency and the lack of equity in the allocation and distribution of resources. The recent effort through the *Programa Nova Vida* was intended to bring about efficient management of the economic resources of the country. In this respect, assistance would be required to manage the new orientation of the economy being designed by the Government.

44. Capacity-building in the economic management programme will focus on the following areas: (a) assistance in the design of medium-term national economic and social development strategies; (b) development of accountable budgeting and management and coordination of foreign aid; (c) technical assistance in investment programming and debt management; (d) support to the effective development of socio-economic statistics; and (e) strengthening the capacity of a team of national economic advisers to formulate and monitor economic programmes.

45. With UNDP comparative advantage in capacity-building, it will collaborate with Sweden, the World Bank and the International Monetary Fund in building national capacity in economic management. Assistance will be directed to the Ministries of Planning, Finance, the National Bank of Angola and INE. It is expected that at the end of the cycle, substantive training has been provided to nationals. Other indicators of success will be a situation whereby donors support policies of the Government in the area of economic management policy formulation, effective utilization and coordination of external resources including joint programming among United Nations agencies.

IV. MANAGEMENT ARRANGEMENTS

46. *Execution and implementation arrangements.* Government has endorsed the use of the national execution modality, hence its use of national execution will be reinforced. UNDP should cooperate in training nationals to ensure the successful execution of programmes under national execution even though there is a shortage of skilled manpower within national institutions entrusted with the responsibility of programme implementation.

47. National NGOs, on which Government could rely to support national execution, are relatively young. They were legalized only in 1991 and as a result are weak and inexperienced. The absence of a banking system with wide provincial coverage presents some difficulties and risks and could present national execution as a difficult modality. Experience shows that the Country Office is often required by necessity to be actively involved in the management of projects. In view of these considerations, national execution may have to be slowly introduced until some basic conditions for its success are ensured.

48. In the meantime, some programmes will have to be under Agency or direct execution modality. This will allow time for training of additional manpower and the personnel of national NGOs. It is also expected that, if economic conditions improve, including the banking system, the Government will be in a position to offer better conditions to its personnel and thus provide a sound basis for successful national execution modalities.

49. The number of United Nations Volunteers (UNVs) specialists in support of field activities in Angola increased from 6 to 50 between May 1995 and December 1996. The expected number is 100. The UNV programme will have additional responsibility and orientation as rural communities resume normal life. With peace, more UNV/Domestic Development Services could be assigned to these communities to support their initiatives and help to tackle their development problems.

50. The Domestic Development Services field workers will possibly be from other African countries, and this will strengthen the receiving communities and give them the opportunity to develop technical cooperation among developing countries, by sharing experiences at the grassroots level.

51. *Monitoring, review and reporting.* UNDP-supported activities will seek to follow the programme approach and will be expected to prepare a three-year rolling resource planning framework to be used to monitor the use of core resources and progress in the mobilization of non-core resources. Jointly with the Government, a yearly review of the Programme will be undertaken to allow close monitoring and timely rectification. There will be a mid-term review.

52. To ensure complementarity and avoid duplication of effort appropriate government officials and relevant representatives of resident United Nations agencies will be encouraged to participate in all reviews. The Local Programme Appraisal Committee will continue to serve as an important mechanism for the appraisal of programmes, monitoring and review. Review reports will be prepared to assess the status of the implementation and to evaluate the needs for

adjustments in the planned activities so as to maintain the overall Programme objectives.

53. Resource mobilization. Resources expected in support to the programming effort will take into consideration resource projections stemming from the Round Table Conference. In this respect, total announced contributions to the UNDP Open Trust Fund for Angola amount to US$ 23,072,947. This includes contributions that have already been received, as well as those that have been confirmed for the Community Rehabilitation and National Reconciliation Programme, Support to Reintegration of Demobilized Soldiers Programme, and Vocational Training and Micro Enterprise Promotion for Demobilized Soldiers Programme.

54. UNDP core funds from the target for resource assignment from the core (TRAC) 1.1.1 for Angola for the programming period 1997-1999 amount to US$ 12,364,000. For planning purposes, the forecast of programming requirements will require additional funds that could be made available from TRAC 1.1.2 in the amount of US$ 8,246,000, or 66.7 per cent of TRAC 1.1.1 for Angola. Funding will be sought from TRAC 1.1.3, in addition to Special Programme Resources from the previous cycle, at an estimated US$ 8,935,000. In terms of UNDP non-core funds, an amount of US$ 25,072,000 is envisaged from Trust Fund contributions (US$ 23,072,000), government cost-sharing (US$ 1 million) and third-party cost-sharing (US$ 1 million).

Annex

Resource mobilization target table for Angola (1997-1999)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	(1 351)	
TRAC 1.1.1	12 364	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
TRAC 1.1.3	8 935	Including SPR from previous cycle.
SPPD/STS	591	
Subtotal	20 539[a]	
NON-CORE FUNDS		
Government cost-sharing	1 000	
Sustainable development funds	-	
Third-party cost-sharing	1 000	Possible contribution from Governments of France and Sweden to the Financial Systems Development project.
Funds, trust funds and other UNDP Open Trust Fund for Angola	23 072	
Subtotal	25 072	
GRAND TOTAL	45 611[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; TRAC = target for resource assignment from the core.